EXHIBIT R

HBB Business Case Summary

Phase 3

Project Name:	Blend in Cup - Cornelius			**Business Case #:**	BC09230
Initiator:	Brian O'Flynn			**Date Initiated:**	03/27/2009
Product Category:	Commercial Blender			**Product Manager:**	Terry Copenhaver
Category Retail $:	$5,000,000	**Category Growth:**	10.0%	**HBPS $ Share:**	0.0%

	Phase 1	Phase 2	Phase 3
Projected Completion Date:	10/01/2010	10/01/2010	10/01/2010
Supplier:	Main Power Electrical Factory, Ltd.	Main Power Electrical Factory, Ltd.	Main Power Electrical Factory, Ltd.

Financial Summary

	Phase 1				Phase 2				Phase 3			
	Year 1	Year 2	Year 3	Total	Year 1	Year 2	Year 3	Total	Year 1	Year 2	Year 3	Total
Unit Sales:	2,950	3,050	3,200	9,200	5,400	5,400	5,400	16,200	10,800	10,800	10,800	32,400
NetSales$:	$2,704,555	$2,804,495	$2,954,405	$8,463,455	$5,635,980	$5,635,980	$5,635,980	$16,907,940	$12,404,448	$12,404,448	$12,404,448	$37,213,344
SM$:	$1,229,555	$1,279,495	$1,354,405	$3,863,455	$2,698,380	$2,698,380	$2,698,380	$8,095,140	$4,693,248	$4,693,248	$4,693,248	$14,079,744
SM%:	45.5%	45.6%	45.8%	45.6%	47.9%	47.9%	47.9%	47.9%	37.8%	37.8%	37.8%	37.8%
NPV:				$494,218				$1,117,814				$276,201
ROI:				51.1%				63.8%				22.6%
Payback:				2.2				2.3				3.7

Capital & Project Expenses

	Phase 1				Phase 2				Phase 3			
	Year 0	Year 1	Year 2	Total	Year 0	Year 1	Year 2	Total	Year 0	Year 1	Year 2	Total
Capital $:	$275,000	$0	$0	$275,000	$126,500	$0	$0	$126,500	$192,500	$0	$0	$192,500
Packaging $:				$5,000				$0				$0
Agency $:				$20,000				$20,000				$20,000
Sample $:				$25,000				$283,800				$283,800
OH Variance $:				$0				$0				$0
Other Project Expense $:				$100,000				$21,000				$21,000
Commissions/Royalty:				0.0%				0.0%				0.0%

Other Selling Expenses %:	0.0%	0.0%	0.0%

Phase 2 Notable Changes:

Cornelius now wants to put two of our blender modules per machine which greatly increases our volume and NPV. They also want to get a greater number of prototypes which greatly increases our expenses. The quote for electronics development is higher than earlier estimated ($20K versus $10K using our earlier internal estimate). The delivery date for us to deliver two blender module prototypes is now July 23rd (initially Cornelius wanted to send a complete machine to Taco Bell on 7/1, this date is now 8/1). The sample expenses are included assuming that all prototypes before tool start are purchased from a local model shop versus utilizing Asian or other lower cost options.

SG&A has been changed to 12.4% (excludes sales but includes admin, engineering & marketing). Note: template NPV cannot be changed in BC at this time ...however, the 5 and 3 year financials with 12.4% SG&A are as follows:

5 Year: NPV $3,044,354, ROI 172.4%, Payback 1.07 years.
3 Year: NPV $1,853,414, ROI 110.4%, Payback 1.59 years.

The HBH2000 stand alone module (that would be sold under the HBC brand) has been eliminated from BC2 for several reasons: all resources at this time are focused on Cornelius, the stand alone module would require additional tooling, agency and expense costs. We would prefer the Cornelius project stand on its own and then follow up with a new BC (or a derivative of this BC) for the stand alone unit.

Engineering have improved the design greatly from the initial concept, and now only one large identified issue is unresolved. Taco Bell want to blend in very fragile PP cups. The equipment we (Cornelius and HBB) are competing with for the Taco Bell business is made by Enodis / Manitowoc. We have been told by Pepsi that their machine does not break cups, so our challenge is to also not break cups while delivering a better blended drink.

Phase 3 Notable Changes:

1. The method by which the machine cleans itself between cycles became a challenge during the development phase. This is being solved with a licence agreement between a company called fREAL (who have IP in this area that we intend using) and HBB. The fREAL agreement calls for a $50,000 up front payment and $35 royalty per blender module. These costs have been included in the financials. We believe having access to this IP is a competitive advantage and it will cause problems for our competitor (Manitowoc / Enodis).

2. Main Power have quoted the blender module material cost and we have estimated the PFC to be $679. This is considerably more than our BC2 estimate for three reasons: 1. We have added the $35 royalty payment to fREAL, making our total cost to Cornelisu $679 + $35 = $714. 2. Our last costed BOM assumed a die cast frame. To save time we are proposing to build EB units for testing with a welded frame that costs $100 more than earlier estimates. 3. The linear actuator quoted by MP is approx. $40 more expensive than our BC2 estimate.

We believe this PFC is worst case and there are several cost saving ideas: We think the weldment could be approx halved in cost if parts of the assembly were die cast parts. MP are also quoting the carriage, bearing and slide assembly approx. $20 higher than quotes we have obtained. With both of these combined, the PFC drops by approx. $115 to approx. $600.

3. Tooling has remained consistent with estimates in EC updates, but has increased from an estimate of $115,000 in BC2 to the more recent estimate of $175,000. We have looked at ways to minimize the investment in tooling before we have a go no/go from YUM!, and believe that at least $113,000 of the tools need to be to started now to provide samples that work well in field testing and pass agency tests.

PDD Summary

	Phase 1					Phase 2						Phase 3				
Model	**Net $**	**PFC**	**BP**	**RR**	**SM%**	**Net $**	**PFC**	**BP**	**RR**	**SM%**		**Net $**	**PFC**	**BP**	**RR**	**SM%**
IMI2000-CE	$7,364,115	$500.00	$957.00	5.0%	45.0%	$16,907,940	$544.00	$1,065.00	2.0%	47.9%		$18,606,672	$714.00	$1,172.00	2.0%	37.8%
HBH2000	$1,099,340	$500.00	$1,052.00	5.0%	50.0%	$0	$600.00	$1,150.00	5.0%	0.0%	C C	$0	$600.00	$1,150.00	5.0%	0.0%
IMI2000	$0	$0.00	$0.00	0.0%	0.0%	$0	$0.00	$0.00	0.0%	0.0%		$18,606,672	$714.00	$1,172.00	2.0%	37.8%

C = Cancelled

Tooling Rights: Worldwide

Situation Analysis

Situation:

Phase 1

To deliver a high quality smoothie made of ice, dairy and fruit at a busy QSR (Quick Serve Restaurant), a level of automation is required. The optimal approach is to automatically deliver the ice, fruit syrup and or dairy ingredients directly into the blending device for improved sanitation, precise portion control, and minimized labor (relative to using a high performance blender).

For HBB to participate in this QSR solution we would need a partner who brings expertise in ice making, ice storage, and dispensing. However, none of the large food service equipment manufacturers have blending expertise. When Mc Donald's asked Taylor, Enodis/Manitowoc to quote on an automated smoothie machine, they partnered with Island Oasis and VitaMix respectively.

We have been approached by IMI Cornelius. They are the world leader in dispensing, and also manufacture ice machines, refrigerated cabinets, and various chilled beverage equipment under the Cornelius and Jet Spray brands. IMI Cornelius is approx. the same size as HBB, and their parent company IMI Plc (who are English owned) are approx. the same size as NACCO Industries. Cornelius seem to have a very similar culture as HBB (solution/innovation driven & very process oriented).

Cornelius have asked us to partner with them to develop a machine that can automatically prepare smoothies in disposable cups. While they have expertise in their core of dispensing & ice, they require our expertise in blending. They want us to develop a "blender module" that would fit within their larger piece of equipment. They would dispense ice and liquid ingredients into a cup, and then our blender module would blend this drink in the cup, and sanitize itself before the next drink can be blended.

Cornelius have a very strong relationship with YUM! Brands and have been asked by YUM to develop a product for Taco Bell. Taco Bell have 6,000 outlets in the US that would be targets for this equipment.

HBB has also identified a market for a "stand alone" blender module that could be housed inside a more compact cabinet. This could blend ingredients in a cup after the ingredients have been manually dispensed. For smaller chains this offers the benefit of no cleaning of blender containers, zero product waste, and excellent sanitation ..... while being far more affordable than the larger piece of equipment. Chain that already have ice equipment and are perhaps tight on space may also favor this solution.

Phase 2

YUM Brands will test both our machine and the Enodis / Manitowoc machine. This test will first be in their labs and then in two Taco Bell stores. The Cornelius team have been highly engaged with Taco Bell and are driving the project very well. They continue to be impressed with out abilities to solve issues quickly and provide a superior blending and cleaning solution.

The Cornelius partnership has also opened up an opportunity to create hopefully a derivative of this product for YUM Restaurants International (YRI). YRI want more of a granita flavor profile versus Taco Bell, so they team will review this request as time permits (but lower priority than delivering the prototypes for Taco Bell). YRI have 9,000 stores, but it is not perfectly clear yet how many would adopt this menu item and have room for the equipment.

Both companies have expressed interest in also "bundling" the sale of some HBC equipment (e.g. drink mixers) with their batch freezers or granita machines. This would allow a large chain to deal with one company for their frozen beverage needs, and would involve HBC earlier on in the development of frozen beverages (versus finding out about the opportunity when the spec for the menu item is set). We are working to get specifics on how this can be best structured benefit both companies.

The team have not focused on a "stand alone" version of this equipment. We have found limitations on the disposable cup material and the ice types used regarding cup breakage, but the concept of a stand alone machine as a derivative of the Cornelius blender module continues to have merit.

Phase 3

1. Below is a list of next steps & sequence of events:

a) The store test of the Cornelius / HBB machine has been delayed and will now start early January 2010. Currently this machine is being tested at Ecolab for sanitation. This sanitation testing will be repeated by Taco Bell over Christmas, and then the machine will be moved to a corporate Taco Bell store for store testing where smoothies will be sold to customers. This unit uses PLC controls in the HB module.

b) A second machine is being built by Cornelius and will be submitted to NSF for their preliminary testing in December. Following this testing, the machine will go to Pepsi. This unit also uses PLC controls.

c) A third machine will be built by Cornelius to undergo severe environment testing at Cornelius. HBB have been asked to build two additional module prototypes for this machine & deliver them by February 2010. These will have prototype embedded PCB controls (as opposed to PLC controls).

d) A fourth Cornelius machine will be built and submitted to NSF for final NSF evaluation mid February. This unit will have prototype embedded PCB controls and will only have one HB module. This module will be a new prototype that needs to be built and supplied by HBB.

e) A fifth machine will be built by Cornelius and HB will recondition two existing prototype modules for this machine. Cornelius will use this machine for embedded controls evaluation starting in February.

f) The first off tool machine will be built by Cornelius for UL testing. HBB intends to supply two off tool modules to assist Corenlius getting UL for the overall machine, and we are investigating HBB getting the module UL recognized via our lab in Richmond.

g) Large scale field testing is set for June time frame in New Orleans. We expect this will require approx. 30 blender modules delivered late April to Cornelius for an early June installation in Taco Bell stores. Taco Bell as spending approx. $7M to renovate all stores to a new "oasis" concept that they are also testing as part of this field test. Taco Bell are expected to pay for these 30 blender modules.

h) Following this field testing, a selection of who will get the lion share of the business (Cornelius or Manitowoc) is expected in Q3 2010.

2. Pepsi have communicated to Cornelius that the smoothie menu item is the best performing item among new products Taco Bell are considering, and that Taco Bell will introduce the menu item. In the past this had been a risk to the project (that the menu item may not sell well and be cancelled). Taco Bell have communicated to Cornelius that sensory testing this December has been cancelled, which seems to support Pepsi's opinion.

Recommendation & Rationale

Recommendation:	**Phase 1**	Partner with Cornelius on an exclusive basis to develop a blender module for integration into their equipment. Ensure that the design is flexible enough to also be built into a stand alone step-down version for sale by HBC.
	Phase 2	Similar to BC1. However, we may find that we cannot use the identical design for the stand alone unit without restrictions on ice type or cup type that may limit the number of customers who can use it.
	Phase 3	Recommendation is to tool up blender module and continue to work with Cornelius to secure Taco Bell business.
Rationale:	**Phase 1**	• Gives us profitable incremental growth at QSRs while taking advantage of Cornelius's contacts, infrastructure & expertise. This platform also allows us to use the same technology for our customer base who value ingredient savings (no waste), labor savings (no pouring & automatic cleaning), consistency and improved sanitation. • Please see the file attached in "Supporting Documentation" for the rationale of unit volume for the blender module that would be incorporated within the Cornelius machine.
	Phase 2	• Rationale remains unchanged and has strengthened given the change to have two modules per machine versus one module.
	Phase 3	• Same as BC1 and BC2.

Miscellaneous Considerations

Consumer Insight:

Phase 1

Smoothies at Quick Service Restaurants (QSRs) are growing in popularity. QSR customers are making more healthy menu choices, increasingly they snack at breakfast, and they are snacking more often (and eating less at each sitting). Smoothies are a prefect menu item to meet all three of these trends. 25% of all smoothies consumed in the US are sold by QSRs, and smoothie sales by QSRs are expected to increase 20% per year through 2013. (source Doug Hoeferle, IMI Cornelius, March 09)

Phase 2

- No change from BC1

Phase 3

- In line with BC1.
- McDonalds have purchased 10,000 smoothie machines for their stores, indicating their commitment to the menu item.
- Pepsi have heard from Taco Bell that they intend adding smoothies to their stores. Earlier there was a risk that the menu item may not sell well and be cancelled. (we just do not know at this stage if the machines will be built by Cornelius or Manitowoc).

Desired Placements:

Phase 1

- YUM Brands (Taco Bell) have been identified by Cornelius as the most likely partner for the fully automated equipment. Smaller chains would be the target for the stand alone equipment.

Phase 2

- Taco Bell (US) remains the primary target. The goal is that YRI use the same machine or a derivative of the same machine, but we will not know this until we understand how to match the more granita drink texture they desire.

Phase 3

- No change on Taco Bell being the primary customer. YRI have recently indicated to Cornelius that the integrated "blend in cup" solution is a lower priority to them given their current investment in the equipment for the Krusher program (Taylor batch machine and Vita Mix drink mixer).

Risks:

Phase 1

- **Timing:** While Cornelius expect YUM! to install production units towards the end of 2010 and the bulk in 2011, they have asked for a proof of concept that can be integrated into their equipment by May 18th 2009. YUM! Brands are testing the Enodis system in June and Cornelius want to also test a prototype of their unit in this same test to be considered.
- **IP:** There are several existing patents around blend in the cup.
- **Partnership:** The early signs are very promising following two conference calls with IMI President Tim Hubbard, however we do not have a finalized agreement in place and do not want to create innovation that Cornelius could produce without HBB.

Phase 2

- We will be tested against the Enodis / Manitowoc system in Taco Bell & the menu item is being tested on a larger scale by Taco Bell with consumers. There is a chance that the competitive machine could be selected ahead of ours, or that the menu item may fail to meet Taco Bell expectations and the program could be cancelled.
- Timing is now June 23rd for two prototypes.
- Much progress has been made around the area of IP, and the team feels more confident than we did in BC1 in this area.
- The partnership with Cornelius has strengthened. We visited their offices and they have made two trips to Richmond since BC1. They remain very good to work with, and remain committed to us as partners.

Phase 3

- **Volume:** BC3 volume assumes we will the lion share of the business and beat Manitowoc. This is our goal and intention, however we cannot rule out that Manitowoc beats our price, performance etc. and we become the B supplier at much lower volume. To protect against this low side,
- **Timing:** A key part of winning the business is a successful June field test - being able to deliver blender modules by late April to Cornelius and them performing as expected in testing. The schedule is extremely tight, requiring tooling to start in December and relatively few issues with off tool parts, etc.
- **Cup Breakage:** The challenge of preventing cup breakage was moved from HB to the cup supplier (Berry Plastics). They are currently trying different material formulations and we are testing with smaller diameter blades. This work looks promising at this stage, but we cannot claim it is complete. A risk remains if HB cannot avoid cup breakage and Manitowoc can blend with no cup damage.
- **Agreement Status:** The fREAL agreement is in its final stages with execution expected in December. The Cornelius LOU is completed & agreed upon, and it is in their court to execute. They are drafting the definitive agreement and expecting a first draft shortly. We are treating the agreement with urgency, but it may be hard to get this done before Christmas. We expect no issues, however it would certainly be preferred to have both agreements completed before BC3.

Other Considerations:

Phase 1

- Unit volume projections was derived from an analysis done by IMI Cornelius. HBB have recreated this analysis using our own data to ensure their volumes make sense to us and add up. Please see attachment under "Supporting Documentation". For the business case, we have used their "Medium Adoption Scenario" to be conservative.
- Since the product has yet to be fully defined, the PFC and tooling estimates do not have any level of accuracy but just represent a "best guess". Cornelius are suggesting an open book approach to pricing where our SM would be between 40% and 50%. For the financials I used 45%. The NPV file in the business case is fully burdened, however the sale of goods to Cornelius would avoid selling, warehousing, and other expenses associated with our more traditional channels.

Phase 2

- The financials above reflect updated PFC and tooling estimates, and assume that 100% of machines sold have two blender modules. If machines are sold by Cornelius with one blender module, the SM per unit for HBB would be $750 versus approx. $500 if two modules are used. Therefore, if some machines are sold with one module versus two our project NPV is not greatly affected.

Phase 3

- No change from BC2.

Target FOB:

Core	$0.00
Secondary	$0.00

Benchmark Competitive Products

	Brand	Model Number	Retail Price Point	Image
Competitive Product 1:			$0.00	
Competitive Product 2:			$0.00	
Competitive Product 3:			$0.00	

Concept Source:	Outside Expert	**Project Genre:**	120V Commercial	**Innovation Level:**	4 New To The
CoDev:	N			**Value Proposition:**	OTB

Comments:

Brian O'Flynn 06/30/2009 01:00:17 PM- -Submitted to VP of Engineering for Approval - -Per EC Meeting 6/29/09.

Brian O'Flynn 06/29/2009 04:48:57 PM- -Submitted to Project Engineer for Approval - - Presented in 6/29/09 EC Meeting. Routing for BC2 approval.

Brian O'Flynn 03/27/2009 12:57:18 PM- -Submitted to VP of Marketing for Approval with the following comments: - -PFC, tooling & product definition is our best guess at this time.

ID Files

Phase 1

No ID at this stage

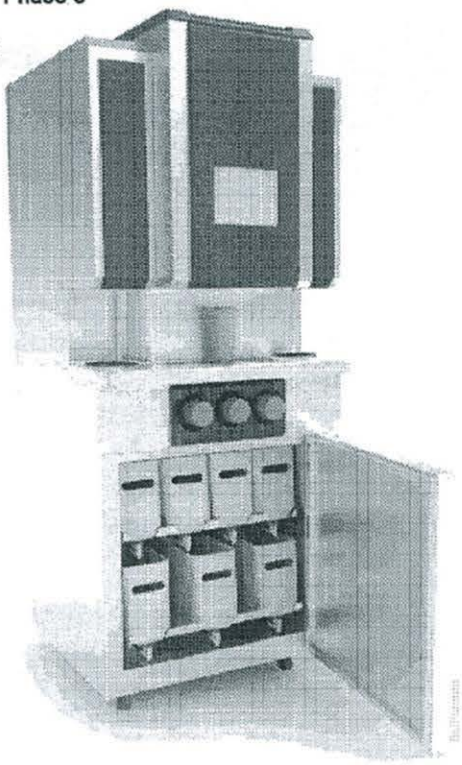
Phase 2

This is a very preliminary ID from the Cornelius team. The second file shows this updated with input and help from Mark Steiner.

Cornelius ID.jpg

Cornelius ID with Steiner Updates.jpg

Phase 3



NPV Files

Phase 1

- NPV Template BCSumP1.xls

Phase 2

- NPV Template BCSumP2.xls

Phase 3

- NPV Template BCSumP3.xls

Asset Form

Tooling Quote

Supporting Documentation

Rationale for unit volume is detailed in this attachment:

Cornelius Business Case Projection 3-26-09.xls

Background of who IMI Cornelius are is detailed in this presentation:

Cornelius Introduction.pdf

Business Case 2: 5 Year NPV file is attached. At 12.4% SG&A, the

5yr NPV is $3,044,354, IRR 172%, and Payback 1.07yrs.

Cornelius 5 Year NPV BC2.xls

The presentation given to the EC on 6/29/09 is also attached:

EC Mtg 6-29-09 & BC2.pdf

History

Business Case Approval/Rejection History:

Reviewers:	History/Date:
VP of Marketing: Atle Larsen	Approved By: Greg Trepp on 03/27/2009 01:06:16 PM - -
Project Engineer: Brian Williams	Approved By: Ernie Pryor on 06/30/2009 11:32:53 AM - -
VP of Engineering: Keith Burns	Approved By: Keith Burns on 06/30/2009 01:44:08 PM - - We have added ~$275K to STF2 to cover increased prototype costs. We are also exploring alternative ways to reduce the upfront costs.
Purchasing Representative: Juan Chairez; Blue Hu	
CFO: Jim Taylor	
CEO: Greg Trepp	

AFE Assigner: Tina Saintsing; Trent Keith